

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No 199903008M)



To Our Shareholders

The Board of Directors of Great Eastern Holdings Limited (“**GEH**”) has announced:

Unaudited Financial Results of GEH Group for the First Quarter Ended 31 March 2017

For the quarter ended 31 March 2017, Group profit attributable to shareholders was \$217.9 million. Details of the financial results are attached.

Unaudited Supplementary Information

Disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial results.

Dividend

No interim dividend has been declared in the first quarter of 2017 (first quarter 2016: nil).

Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 27 April 2017

The Group financial results are also available on the Company's website at www.greateasternlife.com.

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Quarter 2017	1st Quarter 2016	% + / (-)	4th Quarter 2016	% + / (-)
Gross Premiums	2,691.4	2,262.3	19	2,681.1	0
Life assurance profit from:					
Participating Fund	35.2	35.4	(1)	38.4	(8)
Non-participating Fund	93.8	0.7	nm	71.2	32
Investment-linked Fund	46.7	47.4	(1)	34.1	37
Profit from life assurance	175.7	83.5	110	143.7	22
Profit from general insurance	6.1	5.6	9	4.6	33
Profit from insurance business	181.8	89.1	104	148.3	23
Investment income, net	38.6	34.4	12	40.7	(5)
Gain on sale of investments and changes in fair value	48.4	10.6	nm	33.6	44
Change in third-party interests in consolidated investment funds	(10.3)	-	nm	9.0	nm
Increase in provision for impairment of assets	(3.0)	(3.9)	nm	(3.7)	nm
(Loss)/gain on exchange differences	(4.8)	(12.2)	nm	10.9	nm
Profit from Shareholders' Fund's investments	68.9	28.9	138	90.5	(24)
Fees and other income	20.4	19.5	5	22.4	(9)
Profit before expenses	271.1	137.5	97	261.2	4
less:					
Management and other expenses	19.5	16.2	20	25.2	(23)
Interest expense	4.6	4.6	-	4.6	-
Depreciation	0.2	0.2	-	0.5	(60)
Expenses	24.3	21.0	16	30.3	(20)
Profit before income tax	246.8	116.5	112	230.9	7
Income tax	(26.4)	(17.1)	nm	(33.7)	nm
Profit after income tax	220.4	99.4	122	197.2	12
Attributable to:					
Shareholders	217.9	96.9	125	195.2	12
Non-controlling interests	2.5	2.5	-	2.0	25
	220.4	99.4	122	197.2	12
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.46	0.20	130	0.42	10
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	3.2%	1.6%	1.6 pp	3.0%	0.2 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Quarter 2017	1st Quarter 2016	% + / (-)	4th Quarter 2016	% + / (-)
Profit after income tax for the period	220.4	99.4	122	197.2	12
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	(0.3)	0.6	nm	(0.3)	nm
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of overseas entities	(11.8)	8.7	nm	(0.4)	nm
Share of other comprehensive income of associates	-	-	nm	0.4	(100)
Available-for-sale financial assets:					
Changes in fair value	133.7	(82.5)	nm	(50.8)	nm
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	(28.3)	(1.6)	nm	(54.6)	nm
Tax on changes in fair value	(18.0)	13.4	nm	18.4	nm
Other comprehensive income for the period, after tax	75.3	(61.4)	nm	(87.3)	nm
Total comprehensive income for the period	295.7	38.0	nm	109.9	169
Total comprehensive income attributable to:					
Shareholders	291.9	36.6	nm	108.9	168
Non-controlling interests	3.8	1.4	171	1.0	280
	295.7	38.0	nm	109.9	169

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	31 Mar 2017	31 Dec 2016	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(151.6)	(139.8)	nm
Fair value reserve	151.3	65.5	131
Accumulated profit	6,728.4	6,510.5	3
SHAREHOLDERS' FUND	6,880.8	6,588.9	4
NON-CONTROLLING INTERESTS	79.1	75.3	5
TOTAL EQUITY	6,959.9	6,664.2	4
 LIABILITIES			
Insurance payables	3,636.2	3,670.8	(1)
Other creditors and interfund balances	3,382.0	2,653.8	27
Unexpired risk reserve	125.3	124.9	0
Derivative financial liabilities	383.7	737.5	(48)
Income tax	462.6	446.4	4
Provision for agents' retirement benefits	261.4	263.3	(1)
Deferred tax	1,276.6	1,058.3	21
Debt issued	399.6	399.6	-
General insurance fund	197.1	223.2	(12)
Life assurance fund	57,347.4	54,881.1	4
TOTAL EQUITY AND LIABILITIES	74,431.8	71,123.1	5
 ASSETS			
Cash and cash equivalents	4,158.8	3,526.6	18
Other debtors and interfund balances	2,709.6	2,691.0	1
Insurance receivables	2,569.5	2,604.5	(1)
Loans	1,561.5	1,609.0	(3)
Derivative financial assets	175.2	84.9	106
Investments	61,041.9	58,383.3	5
Associates	47.3	47.4	(0)
Intangible assets	29.7	32.0	(7)
Investment properties	1,535.1	1,539.0	(0)
Property, plant and equipment	603.2	605.4	(0)
TOTAL ASSETS	74,431.8	71,123.1	5
 Net Asset Value per share (in Singapore Dollars)	14.54	13.92	4

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	31 Mar 2017	31 Dec 2016	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	2,661.4	2,662.5	(0)
TOTAL EQUITY	3,233.3	3,234.4	(0)
LIABILITIES			
Other creditors	8.2	7.8	5
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	3,241.6	3,242.3	(0)
ASSETS			
Cash and cash equivalents	184.9	20.8	nm
Other debtors	0.1	0.1	-
Amounts due from subsidiaries	2,370.1	2,534.9	(7)
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.4	0.4	-
TOTAL ASSETS	3,241.6	3,242.3	(0)
Net Asset Value per share (in Singapore Dollars)	6.83	6.83	-

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund		
	1st Quarter 2017	1st Quarter 2016	4th Quarter 2016
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	10.1	19.4	21.6
2. Rental expense	0.8	1.7	1.9
3. Depreciation	0.1	0.2	0.5
	<u>Life Assurance and General Insurance</u>		
in Singapore Dollars (millions)	1st Quarter 2017	1st Quarter 2016	4th Quarter 2016
<u>Income</u>			
1. Investment income, net (excluding mark-to-market changes)	460.6	441.1	502.6
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	64.8	52.2	62.4
2. Rental expense	5.1	4.5	4.7
3. Depreciation	12.4	11.7	16.6

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2017

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2017	152.7	(139.8)	65.5	6,510.5	6,588.9	75.3	6,664.2
Profit for the period	-	-	-	217.9	217.9	2.5	220.4
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(11.8)	-	-	(11.8)	(0.3)	(12.1)
Available-for-sale financial assets:							
Changes in fair value	-	-	132.0	-	132.0	1.7	133.7
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(28.3)	-	(28.3)	-	(28.3)
Tax on changes in fair value	-	-	(17.9)	-	(17.9)	(0.1)	(18.0)
Other comprehensive income for the period, after tax	-	(11.8)	85.8	-	74.0	1.3	75.3
Total comprehensive income for the period	-	(11.8)	85.8	217.9	291.9	3.8	295.7
Balance at 31 March 2017	152.7	(151.6)	151.3	6,728.4	6,880.8	79.1	6,959.9

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2016

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 January 2016	152.7	(170.8)	67.0	6,181.5	6,230.4	66.6	6,297.0
Profit for the period	-	-	-	96.9	96.9	2.5	99.4
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	8.7	-	-	8.7	0.6	9.3
Available-for-sale financial assets:							
Changes in fair value	-	-	(80.7)	-	(80.7)	(1.8)	(82.5)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(1.6)	-	(1.6)	-	(1.6)
Tax on changes in fair value	-	-	13.3	-	13.3	0.1	13.4
Other comprehensive income for the period, after tax	-	8.7	(69.0)	-	(60.3)	(1.1)	(61.4)
Total comprehensive income for the period	-	8.7	(69.0)	96.9	36.6	1.4	38.0
Balance at 31 March 2016	152.7	(162.1)	(2.0)	6,278.4	6,267.0	68.0	6,335.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,770.3 million (31 March 2016: \$1,258.2 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7. COMPANY STATEMENT OF CHANGES IN EQUITY for the periods ended 31 March 2017 and 2016

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
	Balance at 1 January 2017	152.7	419.2	2,662.5
Loss for the period	-	-	(1.1)	(1.1)
Total comprehensive income for the period	-	-	(1.1)	(1.1)
Balance at 31 March 2017	152.7	419.2	2,661.4	3,233.3
Balance at 1 January 2016	152.7	419.2	2,264.2	2,836.1
Loss for the period	-	-	(1.8)	(1.8)
Total comprehensive income for the period	-	-	(1.8)	(1.8)
Balance at 31 March 2016	152.7	419.2	2,262.4	2,834.3

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH

in Singapore Dollars (millions)	1st Quarter 2017	1st Quarter 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	246.8	116.5
Life assurance profit/(loss) before income tax	19.3	(217.7)
General insurance profit before income tax	7.6	6.4
Adjustments for non-cash items:		
Surplus transferred from life assurance fund but not yet withdrawn	(175.7)	(83.5)
Surplus transferred from general insurance fund but not yet withdrawn	(6.1)	(5.6)
Share of loss of associates	0.1	0.1
Gain on sale of investments and changes in fair value	(1,021.7)	(357.9)
Increase in provision for impairment of assets	21.4	55.1
Increase in provision for agents' retirement benefits	13.0	6.0
Depreciation	12.5	11.9
Unrealised loss on exchange differences	317.6	516.1
Change in life assurance contract liabilities	2,190.9	1,192.4
Change in general insurance contract liabilities	1.3	3.7
Change in unexpired risk reserve	2.3	(0.2)
Dividend income	(98.3)	(83.2)
Interest income	(432.3)	(417.7)
Interest expense	4.6	4.6
Interest expense on policy benefits	36.1	35.5
Share-based payments	0.7	0.6
	1,140.1	783.1
Changes in working capital:		
Insurance receivables	7.0	(87.4)
Other debtors and interfund balances	(32.9)	173.4
Insurance payables	(34.6)	168.6
Other creditors and interfund balances	732.3	(35.9)
Cash generated from operations	1,811.9	1,001.8
Income tax paid	(46.9)	(46.4)
Interest paid on policy benefits	(36.1)	(35.5)
Agents' retirement benefits paid	(9.5)	(2.9)
Net cash flows from operating activities	1,719.4	917.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sale of investments	12,578.7	5,489.4
Purchase of investments	(13,788.9)	(6,999.8)
Proceeds from sale of property, plant and equipment	0.2	-
Purchase of property, plant and equipment and investment properties	(14.0)	(14.9)
Interest income received	456.1	418.9
Interest expense paid	(9.4)	(9.3)
Dividends received	89.6	81.5
Net cash flows used in investing activities	(687.7)	(1,034.2)
Net effect of currency translation reserve adjustment	(399.5)	821.4
Net increase in cash and cash equivalents	632.2	704.2
Cash and cash equivalents at the beginning of the period	3,526.6	3,491.1
Cash and cash equivalents at the end of the period	4,158.8	4,195.3

9. REVIEW OF RESULTS

The Group Financial Statements for the first quarter of 2017 ("Q1-17") were prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS").

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders of \$217.9 million for Q1-17 was higher compared with the same period last year (Q1-16: \$96.9 million). This was largely due to higher non-operating profit due to favourable financial market conditions compared to last year, and higher profit from shareholders' fund's investments due to higher realised gain on sale of investments.

9.2 GROSS PREMIUMS

Q1-17 gross premiums increased 19% to \$2,691.4 million compared with the same period last year (Q1-16: \$2,262.3 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q1-17 was \$181.8 million (Q1-16: \$89.1 million), up 104% from the same quarter last year, mainly because of higher contribution from its Singapore business.

9.4 PROFIT FROM SHAREHOLDERS' FUND'S INVESTMENTS

Profit from Shareholders' Fund's Investments for Q1-17 was \$68.9 million, higher compared with the same period last year (Q1-16: \$28.9 million), mainly because of higher realised gains from sale of investments and lower foreign exchange losses from US Dollar denominated investments, partly offset by change in third-party's interests in consolidated investment funds.

9.5 FEES AND OTHER INCOME

Fees and other income increased to \$20.4 million for Q1-17 (Q1-16: \$19.5 million) from higher fee income from the Group's asset management arm, Lion Global Investors Limited.

9.6 BALANCE SHEET

9.6.1 Fair Value Reserve

As at 31 March 2017, fair value reserve was \$151.3 million, compared with \$65.5 million as at 31 December 2016, due to unrealised fair value gains from Shareholders' Fund's investments.

9.6.2 Debt Issued

in SGD (millions)	31 March 2017	31 December 2016
Subordinated fixed rate notes (unsecured) - payable after one year	399.6	399.6

9.6.3 Investments

Investments increased by 5% to \$61,041.9 million as at 31 March 2017 (31 December 2016: \$58,383.3 million), mainly arising from purchases and fair value gains.

9.6.4 Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Fixed income & debt securities	64%	63%	66%	70%
Equities	24%	26%	29%	23%
Real estate & others	6%	6%	3%	4%
Cash & money market instruments	6%	5%	2%	3%
Market Value of Assets (in SGD billions)	38.6	35.7	21.0	21.0

9.7 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain strong and well above their respective minimum regulatory levels.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 March 2017 was unchanged at \$152.7 million compared with 31 December 2016. Total number of shares issued as at 31 March 2017 also remained unchanged at 473,319,069 compared with 31 December 2016.

11. ACCOUNTING POLICIES

The accounting policies and methods of computation, adopted by the Group for the financial statements for Q1-17, were consistent with the audited financial statements for the year ended 31 December 2016. The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2017 did not have any material financial impact on the Group's results for Q1-17.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the first quarter ended 31 March 2017 have not been audited or reviewed by the Group's auditor.

13. FACTORS THAT MAY AFFECT GROUP PERFORMANCE IN THE NEXT REPORTING AND/OR 12-MONTH PERIOD

The Group's performance may be affected by volatility in global financial markets. Over the longer term, the key indicators to watch are the direction of interest rates, equity prices and foreign exchange rates.

14. OTHER MATTERS

14.1 Rule 920(1) of the Listing Manual

Pursuant to Rule 920(1) of the Listing Manual, GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

14.2 Rule 720(1) of the Listing Manual

Pursuant to Rule 720(1) of the Listing Manual, GEH confirms that it has procured undertakings from all its directors and executive officers.

Issued: 27 April 2017